

BUY A BUSINESS

How much money do you need to buy a business?

By Ayodele Olasiji, Optimax Commercial · Updated October 18, 2026 · 2 min read · Online at [optimaxdeals.com/guides/how-much-money-to-buy-a-business](https://www.optimaxdeals.com/guides/how-much-money-to-buy-a-business)

SHORT ANSWER

To buy a business with an SBA 7(a) loan, plan on putting in at least 10% of the total project cost yourself, then keep cash for closing costs and a few months of reserves. A seller note can cover part of that 10%, but only if the seller agrees to wait on payments for the life of the loan, and only up to half. Without SBA, banks usually want more down.

How to, at a glance

1. Plan on at least 10% of the project cost in cash
2. Add closing costs, working capital and reserves
3. Ask the seller to carry a note on full standby
4. Get a lender prequalification before you make offers

Questions buyers ask

Can I buy a business with no money down?

Not with an SBA 7(a) loan on a change of ownership, which requires an equity injection. Some private deals use heavy seller financing, but the seller has to agree, and most want real cash in.

Does the seller note count toward my down payment?

Under SBA rules it can count for up to half of the required injection, and only when the seller agrees to take no payments for the life of the SBA loan (full standby).

How do I show a seller I am serious?

Proof of funds for your cash in, a lender prequalification if you are financing, and a signed confidentiality agreement so you can see the real numbers.

Where the cash goes

- **Equity injection.** The part of the purchase you fund yourself. For an SBA 7(a) loan on a change of ownership, the SBA asks for at least 10% of the total project cost.
- **Closing costs.** Loan fees, legal work, a business valuation, environmental reports for a gas station, and similar costs. Some can be financed, which raises the project cost.
- **Working capital.** Cash to run the business from day one: payroll, inventory, utilities. Lenders want to see it.

- **Reserves.** Your own cushion for the first slow month or a broken machine.

A worked example

Say the total project is \$600,000, the business plus financed costs. Ten percent is **\$60,000**. If the seller agrees to carry a note on full standby, that note can count for up to half the injection, **\$30,000**, so your own cash in is at least **\$30,000** plus whatever closing costs and reserves you do not finance.

These are illustration numbers, not a quote. Your lender sets the final amount after it reviews the business and you.

What usually counts as your cash

- Savings and investment accounts you can document.
- A gift, when the lender accepts the paperwork for it.
- Retirement funds moved through a rollover structure, which carries its own rules and costs; talk to a CPA first.
- A seller note on full standby, up to half the required injection.

What changed on October 1, 2026

The SBA's updated lending rules (SOP 50 10 8.1) apply to loans numbered on or after October 1, 2026. Lawyers and lenders reading them say standby seller notes and other standby money now share one cap of half the injection, which means at least half of the 10%, so at least 5% of the project, has to be your own cash. They also say first time acquisitions must show past cash flow that covers loan payments at least 1.25 times. Confirm both with your lender, because each lender applies the rules to your deal.

Why “no money down” is the wrong goal

A business bought with nothing in usually has no room for a bad month. Lenders know this, which is why the SBA requires real equity. The better goal is the right business at a price its cash flow can carry, with a cushion left over.

Sources

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